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*Chrono  
7/23*

7 December 1954

TO: Chairman, Board for Review of Shortages and Losses

25X1A2D1 SUBJECT: Cash Shortage in [ ] Account

1. PROBLEM:

Unaccounted for cash.

2. FACTS BEARING ON THE PROBLEM:

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a. In February 1952, Mr. [ ] was assigned to Project [ ],  
a [ ] of the SR Division.

b. During the period February 1952 to January 1953, he operated in the capacity of Administrative Assistant, with responsibility for control and reporting on use of funds, control and use of motor vehicles, control and issuance of supplies, management and use of safe houses, and other administrative duties. (Tabs E and F)

c. At the time of his assignment to the project, Mr. [ ] indicated that he did not consider himself qualified to discharge the responsibilities contemplated by his assignment. (Tab F)

d. Funds were not maintained under the sole control of a responsible custodian but other employees ([ ]) had access to funds and participated in financial transactions. (Tab F)

e. Exhaustive efforts have been undertaken to discover errors in accounting or missing documentation which would resolve the unexplained loss of funds. (Tabs D, E, and F)

f. The Audit Office has audited the accounts of the project and confirmed the amount of the cash difference. (Tab C)

g. Reports and recommendations submitted by the Chief, SR Division (Tab E) and Chief, SR/DOB (Tab F) state that there is no evidence to indicate that embezzlement, fraud or willful mishandling of funds is involved. Also, report of the Audit Office (Tab C) contains no conclusion that funds have been misused.

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SEE REVERSE FOR DECLASSIFICATION ACTION

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NO CHANGE TO CLASS [ ]  
REASON [ ]

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been placed in a position wherein he was required to assume responsibility for use and safekeeping of funds.

- b. The employee charged with primary responsibility must, of course, be charged with some degree of negligence in any case wherein control of funds is lost. However, in a case such as this where an employee who asserts inability to discharge duties to which he is to be assigned, subsequently proves to be inadequate to the discharge of those duties, it would appear that the officials who were responsible for his selection, assignment and administrative direction are at least equally, if not more, responsible for problems which arise as a result of his deficiencies in performance.

#### 4. CONCLUSIONS:

On the basis of available facts it is concluded that:

- a. An unaccounted for cash difference in the amount of \$568.16, in the accounts of Project [redacted].
- b. Exhaustive efforts have been made to locate and determine the reason for this difference.
- c. There is no evidence to indicate that the unaccounted for balance is the result of embezzlement, fraud or willful mishandling of funds.
- d. The employee assigned responsibility for control and safeguarding of funds did not possess the qualifications and was not furnished facilities appropriate to the scope of responsibility with which he was charged.
- e. Responsibility for the unaccounted for balance has been charged to one employee; however, other employees had access to funds and participated in cash transactions and may have contributed to the inability to account for all funds.
- f. Action to correct weaknesses revealed by the Audit Report which contributed to the loss of funds have been accomplished. (Tab E)

#### 5. ACTION RECOMMENDED:

In view of the above conclusions, it is recommended that:

- a. [redacted] not be held personally pecuniarily liable for the unaccounted for funds.
- b. The amount of the unaccounted for funds (\$568.16) be written off under authority contained in section 1.4(c) of the Confidential Funds Regulations.

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[redacted]  
Chief, Finance Division

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ANNEX B:

- Tab A -- Memorandum dated 12 August 1954
- Tab B -- Memorandum dated 4 August 1954
- Tab C -- Report of Reexamination of Project
- Tab D -- Memorandum dated 27 August 1954
- Tab E -- Memorandum dated 31 August 1954, for DD/P
- Tab F -- Memorandum dated 31 August 1954, for Chief, SR Division

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ACTION BY APPROVING AUTHORITY:

APPROVED:

(Date) \_\_\_\_\_

\_\_\_\_\_  
Chairman, Board of Review  
of  
Shortages and Losses

PD/LEB:met

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